

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 AGR-20 SWF-02 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-03 INR-11 NSAE-00 RSC-01 CIEP-03

SP-03 STR-08 TRSE-00 LAB-06 SIL-01 SAM-01 OMB-01

DRC-01 /120 W

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R 291604Z AUG 74

FM AMEMBASSY THE HAGUE

TO SECSTATE WASHDC 4239

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY ROME

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PASS AGRICULTURE

E.O. 11652: N/A

TAGS: EPAP, ETRD, EEC

SUBJ: 1974/75 EC GRAN SIUTATION

REF: FASTO CIRC 305

1. FOLLOWING INFORMATION IS TAKEN FROM MEMORANDUM ON 1974/75 EC
GRAIN SITUATION PREPARED BY DUTCH PRODUCT BOARD FOR GRAINS, SEEDS,
AND PULSES FOR DISCUSSION BY THEIR BOARD OF DIRECTORS ON SEPTEMBER 5:

A. PRODUCTION MARKETING AND FARM WITHHOLDING ESTIMATES FOR
GRAINS (1,000 M.T.)

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PRODUC- GRAIN	MARKET- TION	ON FARM ING	RETENTION
SOFT WHEAT	39,153	31,978	7,175
DURUM WHEAT	3,553	2,970	583
BARLEY	32,397	18,042	14,355
CORN	16,569	12,255	4,314
RYE	2,979	1,310	1,669
OATS	9,492	3,769	5,723
SORGHUMS	300	260	40
TOTAL	104,443	70,584	33,859

B. CONSUMPTION AND IMPORTS OF MAJOR GRAINS FROM THIRD COUNTRIES (1,000 M.T.)

	EC CONSUMP- TION1/	DOMESTIC PRODUC- TION2/	IMPORTS TOTAL AVAILA- BILITY3/	SURPLUS
SOFT WHEAT	27,564	31,978	4,263	36,241 8,677
DURUM WHWAT	3,536	2,970	1,646	4,616 1,080
BARLEY	18,830	18,042	2,477	20,519 1,789
CORN	23,328	12,255	12,200	24,455 1,127
TOTAL	73,258	65,245	20,586	85,831 12,673

1/ OVER AND ABOE ON FARM RETENTION

2/ MARKEDTED PRODUCTION

3/ FOR EXPORT AND CARRY OVER

NOTE: FOR THE CONSUMPTION OF WHEAT IT IS ASSUMED THAT OVER FIVE MILLION TONS OF EC MARKETED WHEAT WILL BE USED FOR ANIMAL FEED IN 1974/75.

C. EXPORTS: TAKING INTO ACCOUNT HIGH CARRY OVER ON 8/1/74 AND NECESSARY CARRY OVER PER 8/1/75 (EMBASSY COMMENT: FIGURES WERE DELETED FROM COPY OF MEMO WE OBTAINED.), EC COMMISSION CAME TO PRELIMINARY CONCLUSION THAT 10.5 MILLION TONS WILL BE DELIVERED AS FOOD AID AND ABOUT 3 MILLION TONS EXPORTED AS WHEAT FLOUR. THE REMAINDER, 6 MILLION TONS, WILL BE AVAILABLE FOR WHEAT GRAIN EXPORTS. LIMITED OFFICIAL USE

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D. BY COMPARING DIFFERENCE BETWEEN LOWEST CIF PRICES AND THRESHOLD PRICES WITH EXPORT LEVIES, THE PRODUCT BOARD CONCLUDES THAT PRESENT HEIGHT OF EC EXPORT LEVIES FOR GRAINS IS PROHIBITIVE FOR EXPORT, EXCEPT FOR RYE AND OATS.

LOWEST CIF	THRESH- OLD	DIFFER- EXPORT
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GRAIN	PRICE1/	PRICE2/	ENCE	LEVY
SOFT WHEAT	493.54			

GUILDERS / METRIC TON

SOFT WHEAT	493.54	409.36	84.18	206.50
BARLEY	441.39	370.49	70.90	120.50
CORN	422.43	366.70	55.73	172.00
SORGHUMS	390.65	363.60	27.56	120.50
RYE	404.30	399.73	4.57	-----
OATS	423.43	348.27	75.16	58.50

1/ FROM THRID COUNTRIES ON 8/21

2/ APPLICABLE FOR 8/74

E. CONCLUSIONS DRAWN BY PRODUCT BOARD ARE:

(1) THE EC COMMISSION WILL FOLLOW VERY CAUTIOUS EXPORT POLICY FOR GRAIN AND ESPECIALLY WHEAT. MOST LIKELY EXPORT TENDERS WILL BE OPENED FOR SPECIFIC VOLUMES TO SPECIFIC DESTINATIONS.

(2) IN CASE WORLD MARKET PRICES FOR FEED GRAINS STRENGTHEN FURTHER, IT IS LIKELY THAT EC WHEAT USAGE FOR FEED WILL SUBSTANTIALLY EXCEED PROJECTED 5 MILLION TONS, DUE TO REPLACEMENT OF CORN/SORGHUMS BY WHEAT. IT IS EXPECTED THAT UNDER THESE CONDITIONS COMMISSION WILL BE EVEN MORE RESTRICTIVE REGARDING EC WHEAT EXPORTS.

(3) GIVEN ABOVE, IT SEEMS UNLIKELY THAT WHOLESAL PRICES OF EC WHEAT WILL EXCEED THE TARGET PRICE LEVEL IN 1974/75. ONLY IN EVENT WORLD MARKET PRICES FOR MOST OTHER FEED INGREDIENTS ALSO FIRM UP SUBSTANTIALLY THIS SEASON, MIGHT EC WHEAT PRICES EXCEED TARGET PRICE LEVELS.

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2. COMPARISON OF WHEAT AND COARSE GRAIN PRODUCTION FIGURES IN FASTO 305 AND PRODUCT BOARD FIGURES ABOVE:

	WHEAT	COARSE GRAINS
FASTO 305 (1974)	42,694	62,693
PRODUCT BOARD (74/75)	42,706	61,737
DECON AUG 31, 1975		
TANGUY		

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, DATA, GRAINS
Control Number: n/a
Copy: SINGLE
Draft Date: 29 AUG 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974THEHA04251
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740240-0939
From: THE HAGUE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t1974086/aaaaaesx.tel
Line Count: 162
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: FASTO CIRC 305
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 05 APR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <05 APR 2002 by shawdg>; APPROVED <27 JUN 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 1974/75 EC GRAN SIUTATION
TAGS: EPAP, ETRD, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005